



STATUS OF THE HEALTH CARE SECTOR

The SIGIR health care sector examines U.S. spending to support Iraq's medical system, training, and vaccinations. Iraq once had one of the best health care systems in the region, but it declined significantly during the Saddam Hussein regime.⁵⁰ In 2002, the Ministry of Health had a budget of \$16 million—a 90% reduction from ten years earlier.⁵¹ After the 2003 war, a United Nations (UN) and World Bank estimate showed that the health care sector needed \$1.6 billion in near- and medium-term investment.⁵²

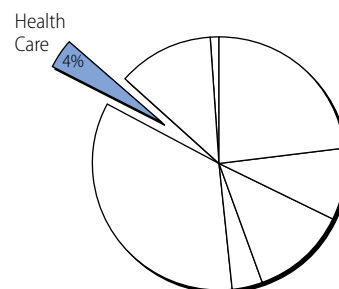
U.S. reconstruction has focused on rehabilitating and equipping local facilities, and providing more medical services like immunizations. Overall progress in this sector has been steady, but SIGIR auditors have identified several concerns this quarter regarding the

Primary Health Care Centers (PHC) Program.

These are the highlights of the health care sector report:

- The sector has IRRF 2 allocations of \$739 million (see Figure 2-7), and about 56% (\$417 million) had been expended by the end of this reporting period.
- More than 75% of projects have been completed in this sector, but progress has been significantly diminished by security and management problems.
- The notable shortfall in this sector involved the failure of the contractor to complete the PHC contract. The contract originally planned 150 clinics, but now it will complete only 20 facilities. The remaining 130 health care clinics were descope or cancelled. For a summary of SIGIR's audit of

Figure 2-7
**HEALTH CARE SECTOR AS A
 SHARE OF IRRF FUNDS**
 % of \$18.439 Billion
 Source: DoS *Iraq Weekly Status Report*, 03/29/06





- this contract, see Section 3 of this Report.
- U.S. projects to provide immunizations have been successful: almost all Iraqi children have been inoculated against measles, mumps, and rubella. Nearly 98% of children under five have been immunized against polio.

Figure 2-8 shows facilities construction projects in this sector by governorate.

IRRF-funded Activities in the Health Care Sector

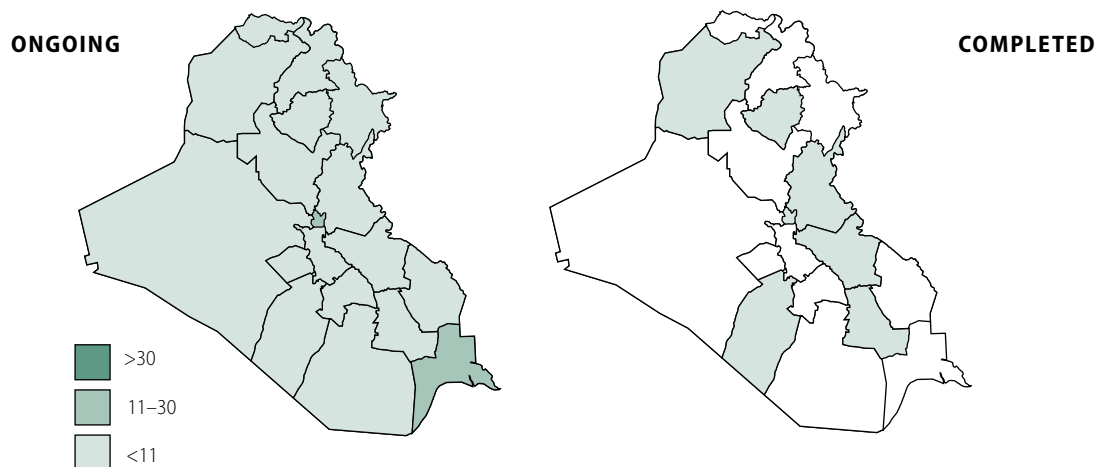
As of March 29, 2006, more than 90% of the sector's funding had been obligated, and 56% had been expended. The sector was originally

allocated \$793 million in IRRF 2 funding,⁵³ but as of March 2006, allocations had decreased by \$54 million (<7%). Figure 2-9 shows the status of funds in the health care sector.

Projects in this sector focus on constructing, rehabilitating, and equipping PHCs and hospitals. They also address training and vaccination programs. In this sector, 608 of 803 total projects have been completed (76%), mainly non-construction. There are no remaining projects to start.

Completion of health care projects has been hampered by security issues and management problems. Figure 2-10 shows the status of projects in the sector.

Figure 2-8
HEALTH CARE PROJECTS BY GOVERNORATE
Number of Projects
Source: IRMS—IRMO Rollup File, 03/31/06





Projects Completed and Underway in Health Care

In March 2004, the Project Management Office (PMO) awarded a design-build contract with a \$500 million ceiling to Parsons Global. The contract provided for the construction or refurbishment of ministerial buildings, hospitals, primary health care centers, and schools. Much of the work was tasked to local subcontractors or awarded through direct contracts to local firms and other contractual arrangements.⁵⁴

Originally, Parsons was to construct 150 PHCs throughout Iraq, but because of cost increases, the design-build contract was initially descope to include only 141 centers.⁵⁵ But, as of March 2006, only six PHCs had been completed, all in Baghdad. These were handed

over to the Ministry of Health on March 15, 2006.⁵⁶ According to SIGIR's audit, only 14 more PHCs will be completed under the design-build contract (See Figure 2-11).⁵⁷

GRD-PCO has reported to SIGIR that the remaining PHCs have since been descope from the design-build contract. They are expected to be completed through alternate funding means or by the Iraqis at a later date. For details of the SIGIR audit of this contract, see in Section 3 of this Report.

GRD-PCO is overseeing 22 hospital projects throughout Iraq. Six hospitals had been completed as of March 31, 2006, and 14 more are undergoing refurbishments.⁵⁹ Most will be completed by November 2006, but the Najaf Teaching Hospital is expected to be completed by March 2007.⁵⁸

Figure 2-9
STATUS OF HEALTH CARE FUNDS
\$ Billions
Source: DoS Iraq Weekly Status Report, 03/29/06

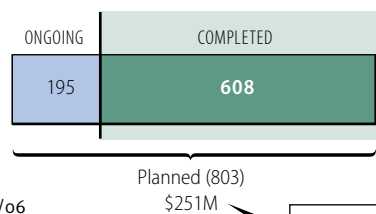
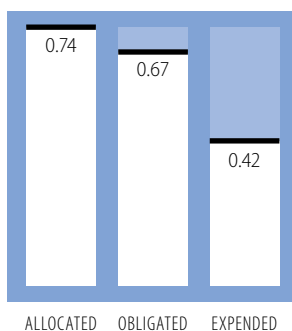
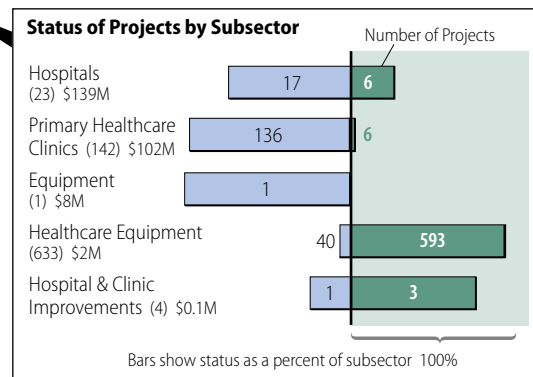


Figure 2-10
STATUS OF HEALTH CARE PROJECTS
Number of Projects
Source: IRMS—IRMO Rollup File, 03/31/06





USAID is also in the process of completing one hospital project in the Basrah governorate, bringing to 21 the total number of hospitals in progress or completed with IRRF 2 funding. Completion rates have been slowed by poor security conditions, low contractor productivity, and quality-control issues.⁶⁰

Although construction may be complete, these hospital facilities face other challenges. One of the contractors working on the Hilla Maternity and Children's Hospital is in the process of handing over the facility to the Iraqi Ministry of Health. However, much of the equipment is missing, and the contractor

is having difficulty locating the subcontractor. This missing equipment includes three chillers and a cooling tower, all scheduled to have been delivered by April 15, 2006.⁶²

These are other ongoing hospital projects:

- Basrah Children's Hospital: a \$50 million design-build contract that is currently 30% complete.⁶³
- Alwaiya Children's Hospital: a \$2.9 million project to modernize the facility that is approximately 72% complete.⁶⁴

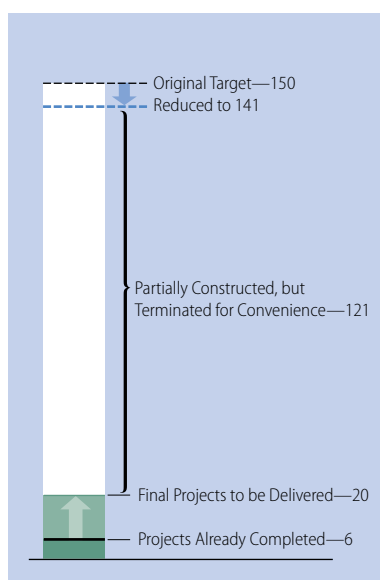
Outputs of IRRF-funded Health Care Projects

Over the previous 20 years, a combination of under-investment and poor management have contributed to the overall deterioration of the physical infrastructure of Iraq's health care sector.

Before the war, Iraq had an estimated 250 hospitals and 1,200 PHCs, but they were poorly managed and maintained. Thus, many Iraqis in rural areas did not have access to health care facilities.⁶⁹

Further, the capacity to deliver health care services was seriously compromised by the post-war looting that occurred in April 2003. A 2004 survey by the Ministry of Health found that looting or serious damage had affected one-third of primary care clinics and one-eighth of hospitals.⁷⁰ Erratic electricity supplies, unreliable water quality, and an unstable security situation also degrade the health care system's performance.

Figure 2-11
PHC PROJECTS BUILT UNDER THE DESIGN-BUILD CONTRACT
Source: IRMS—IRMO Rollup File, 03/31/06;
IRMO Weekly Update Reports





HEALTH CARE

HEALTH CARE FACILITIES

Coalition health advisors have worked, in conjunction with the Iraqi Ministry of Health, to move the health care system from the current hospital-based model to a system based on localized primary care clinics. The goal is to develop a more sustainable health care delivery system that improves services for all Iraqis, particularly vulnerable population groups in remote or underserved areas.⁷² Execution of this strategy has been limited by the shortfall in PHC construction.

During this reporting period, SIGIR inspectors assessed five of the PHCs that were part of the Parsons contract. SIGIR found that these facilities were far from complete, and the completed portions were poorly constructed. There was inadequate quality control by the contractor and poor quality assurance plans. SIGIR inspectors also assessed two maternity and pediatric hospitals and four other clinics

but reported no significant deficiencies at any of the facilities. For details of these assessments, see Section 3 of this Report.

Of the six completed PHCs, three will reach initial operating capability by late April 2006 and will be used to train staff for the first group of 20 clinics.⁷³

To date, the renovations of six hospitals have been completed, and another 14 are ongoing. See Table 2-2 for the status of facilities projects in this sector.

The hospitals and PHCs constructed under GRD-PCO supervision were funded with IRRF 2 dollars; the three sets of construction projects administered by USAID used mostly IRRF 1 funding. Of the USAID projects, the rehabilitated PHCs were meant to restore essential services to their service regions as rapidly as possible after the cessation of hostilities. The PHCs constructed and equipped by USAID focused on expanding the availability of basic health care in areas facing less risk of violence.⁷⁵

HEALTH CARE FACILITY CONSTRUCTION: CURRENT & PLANNED

HEALTH CARE FACILITIES	CURRENT STATE, AS OF 03/21/06	IRRF PLANNED END STATE
Hospitals Rehabilitated ¹	6	20
Hospitals Built ²	In progress	1
Primary Health Care Centers Rehabilitated ²	110	110
Primary Health Care Centers Equipped ²	600	600
Small Primary Health Care Centers Built and Equipped ²	6	6
Primary Health Care Centers Built and Equipped ¹	6	142

Source: NEA Data Call Response, March 24, 2006 (¹ represents work overseen by GRD-PCO; ² represents work overseen by USAID)
Table 2-2



HEALTH CARE

NON-CONSTRUCTION PROJECTS

The United States has procured and delivered approximately \$226 million in new medical equipment and supplies for Iraqi hospitals and PHCs.⁷⁸ Unfortunately, the PHCs that were to use this equipment are mostly incomplete. The United States has successfully trained thousands of health care professionals and funded two very effective vaccination campaigns for polio and measles, mumps and rubella (\$4.8 million).⁷⁹

Table 2-3 presents the status of vaccination and training programs in Iraq.

Outcomes of IRRF-funded Health Care Projects

The construction and delivery of only six PHCs—out of a planned total of 150—limits the progress of the reconstruction effort in this sector. IRMO estimates that approximately \$36

million is required to finish the 121 partially constructed PHCs that could not be finished under the contract.

Although the outcomes of U.S. projects will not be fully apparent for years, a few statistics show the immediate beneficial effects of U.S. interventions. Almost all Iraqi children have been inoculated against measles, mumps, and rubella. From 2004 to 2005, lab-confirmed cases of measles in Iraq dropped 90%. Also, nearly 98% of children under five have been immunized against polio, and there have been no recorded cases of polio since the war.⁸⁰ From 2002 to 2005, malaria cases dropped from 1,043 to 86.⁸¹ Some data suggest that infant mortality rates have decreased from 10.7% in 2003⁸² to an estimated 5.03% last year.⁸³

The effects of U.S. health care construction projects remain unclear.

VACCINATION AND TRAINING PROGRAMS

OUTPUTS METRIC	CURRENT STATUS, AS OF 3/21/06
Vaccination programs	3.6 million children vaccinated against MMR (98% of target population) 4.6 million children vaccinated against polio (97% of target population)
Number of Ministry of Health Professionals Trained in Maternal and Child Health Service Delivery	3,400 3,200 from IRRF 1; 200 from IRRF 2
Community Leaders and Other Non-ministry Personnel Trained in Health Promotion	3,100 All IRRF 1 funding

Sources: DoS, SIGIR Data Request, received on March 31, 2006; USAID, SIGIR Data Request, April 7, 2006.

Table 2-3